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~~COMINT~~

Chief, Economic Current Support Staff

21 June 1965

Chief, D/E

C/E/P Drafting Group on Economic Defense Policy Review, Staff Study #21,  
"Economic Structure of the Communist Bloc"

Attached is a copy of subject report which was received in D/E/ER  
on 21 June 1965 at 2:00 P.M. for coordination in OCE.

The Badge Council Drafting Group is scheduled to meet in almost  
continuous session to review the Staff Studies as rapidly as they  
become available.

In order to be useful, review by interested Divisions in OCI  
should be made almost immediately.

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Comments may be sent or telephoned to [REDACTED]  
Room 203 Central Building, extension 2845, as soon as possible.

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[REDACTED]

1 Encl.  
Staff Study #21

D/E/ER:DJ:jms (21 June 65)

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Chief, D/E/RR

23 June 1955

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[redacted]

## Comments on Staff Study No. 21, Structure of the Communist Bloc

1. The Defense Department draft study serves a useful purpose in calling attention to factors which, although often ignored, should be considered in analyzing the expansion of USSR industrial output and military strength. The analysis of these factors, however, is not complete. For instance, in citing external contribution to Soviet developments (Lend-lease, reparations, UNRRA aid, etc.) no reference is made to UNRRA aid to the European satellites or to the more important external contributions to the recovery and growth of industrial output in Communist China since 1950. The Defense statement should be supplemented with data from D/E comments on NIE 100-55, dated 7 January 1955.

2. Omission of reference to factors contributing to industrial expansion in the satellites probably is due to the fact that production data cited in the Defense paper relate only to the USSR. This points up a major weakness of the Defense presentation. The draft in its present form is not strictly speaking an analysis of the structure of the Communist bloc but rather a compilation of statements regarding production in the USSR and the relations between the USSR and its satellites.

3. A number of the statements are oversimplifications that warrant development and modification. Since the major phases of this analysis are in the purview of D/A and [redacted] is currently reviewing the draft,

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it appears impracticable for D/E to attempt to develop the information  
essential to adequate statements regarding Sino-Soviet bloc production  
and related matters. [REDACTED] 25X1A9a however, could contribute substantially  
to the analysis of transportation (e.g. pages 8 and 24-25).

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